

the Closing Date where the cost thereof does not exceed \$500,000 individually or \$2,000,000 in the aggregate and where such GV Asset is not required or contemplated by the Transition Plan and the cost of any contractual commitments provided for in the Funding Plan, shall, in each case, be borne by the parents on an equal basis.

(b) (i) Since the parents desire to achieve operational readiness to deliver service to customers following the Closing, each of the parents (a "requesting parent") may cause a member or members of the Concert Group to purchase network equipment or customer premises equipment with an aggregate acquisition cost not to exceed \$150,000,000. Title to such assets will be held by a relevant member or members of the Concert Group, but such assets may be installed and managed by and at the facilities of the requesting parent. The requesting parent will be obligated to advance to such member of the Concert Group the full purchase price in cash (in the form of a shareholder loan) necessary to fund the acquisition of all of such assets. For the avoidance of doubt, the Concert Group shall not be required to assume any non-cash obligation in connection with the purchase of any such equipment.

(ii) The assets acquired by the relevant member of the Concert Group pursuant to Section 5.2(b)(i) will not be used at all by the requesting parent, the other parent or the Concert Group prior to April 1, 2002. If the Closing has not occurred prior to April 1, 2002, then the requesting parent that paid for such assets or associated systems (but not the other parent) may use such assets and associated systems to deliver service to customers unless (1) such requesting parent has, following the date of this Agreement and prior to April 1, 2002, entered into a Major Transaction or a letter of intent or agreement providing for a Major Transaction, (2) any of the conditions to Closing set forth in Sections 10.1(a)(i) through (vi) inclusive have not then been satisfied, unless the primary reason for such conditions to Closing not being satisfied is a breach by the other parent of its obligations under this Agreement, and (3) the other parent has made an election as provided in the next sentence. If the conditions contained in the preceding clauses (1) and (2) have occurred, then the parent that did not enter into the letter of intent or agreement regarding the Major Transaction may specify that neither parent will be permitted to use any assets for delivery of service to customers acquired pursuant to this Section until the conditions to Closing referred to in clause (2) of the preceding sentence have been satisfied. Notwithstanding the preceding sentence, if the assets have already been placed in service as permitted by this Section and a parent subsequently announces a Major Transaction following the in-service date, the parents shall not then be required to terminate using such assets to deliver service to customers.

(iii) All revenues, income and other benefits received by a parent or a member of the Concert Group and all receivables and payables derived from the use of the assets acquired pursuant to this Section 5.2(b) prior to the Closing Date will be held in trust for the economic benefit and risk of, and will be promptly contributed to or assumed by, the relevant member of the Concert Group prior to the Closing Date.

(iv) At the Closing, the requesting parent shall acquire the assets purchased pursuant to this Section in exchange for cancellation of the relevant shareholder loan or loans.

(v) If this Agreement has been terminated, the economic benefit and risk arising from the assets acquired by the appropriate member of the Concert Group will remain with such member. Following such termination, and if the Concert Group requires further funding to operate its business, the parent that has funded the lesser amount in respect of the purchase of assets pursuant to this Section will be obligated to contribute cash (in the form of shareholder loans) to the Concert Group from time to time as is required by the Concert Group up to the amount of the difference of the amounts so funded by the parents before the other parent will be required to share in the obligation to fund the operations of the Concert Group on an equal basis.

(vi) For purposes of this Section 5.2(b), "**Major Transaction**" means a transaction or a series of related transactions involving either (i) a merger, acquisition, business combination, divestiture, investment, joint venture or similar transaction (a "**Transaction**") with a value of \$7.5 billion or more involving a parent or one or more of its Affiliates and one or more unaffiliated third parties principally headquartered in the United States and substantially involved in the provision of Communications Services of the type offered by the parent or its Affiliate entering into the Transaction (but in determining if a Person is substantially involved in such Communications Services business, the cable television or local broadband business of such Person will be excluded), other than any such Transaction that predominantly involves (1) the cable television or local broadband assets and businesses of a parent or its Affiliates, or (2) AT&T Canada Inc., or (ii) a Transaction with a value of \$500 million or more involving a parent or one or more of its Affiliates and a local or long distance telecommunications company whose principal headquarters is located in the United Kingdom or Europe or one or more of its Affiliates.

5.3 Assets Sold Between Signing and Closing. Notwithstanding anything to the contrary contained herein or in the Funding Plan, the net sale proceeds of any GV Asset that is a fixed asset (other than marketable securities, similar instruments and long-term deposits) that is sold to a third party between the date hereof and the Closing Date (i) pursuant to a contractual commitment existing as of the date hereof, or (ii) other than a GV Asset described in clause (i), where the gross sale proceeds do not exceed \$500,000 individually or \$2,000,000 in the aggregate, shall be deemed to be shared by the parents on an equal basis.

5.4 Shareholder Representatives.

(a) For the purposes of facilitating the implementation of the transactions contemplated by this Agreement, each parent shall designate a representative (a "**Shareholder Representative**") who shall have full power and authority to make determinations on behalf of such parent as expressly set forth in this Agreement, as well as in respect of the matters described in Section 7.1, and in respect of such other matters as such parent may designate in writing. All such determinations shall be consistent with the terms of this Agreement, the Commercial Agreements and the other Schedules and Exhibits hereto.

(b) The parties acknowledge that the initial Shareholder Representative of AT&T is Gary Weis, and the initial Shareholder Representative of BT is Tim Smart. Each parent may, from time to time, remove and replace its Shareholder Representative by notice in writing to the other parent, with a copy to Concert BV.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of AT&T AT&T represents and warrants to the BT Parties as follows:

(a) **Organization and Standing.** AT&T is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, and ACSJ is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and each has all requisite corporate or limited liability company authority and power necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted.

(b) **Authorization; Validity.** Each of AT&T and ACSJ has all requisite corporate or limited liability company authority and power to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Each of AT&T, ACSJ and their Affiliates will have at the Closing all requisite corporate, partnership, limited liability company or other similar authority and power to execute and deliver the other Unwind Agreements to be executed by it on or prior to the Closing, to perform its obligations under such other Unwind Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution, delivery and performance by each of AT&T and ACSJ of this Agreement, and the consummation by each of AT&T and ACSJ of the transactions contemplated hereby, have been duly authorized by all necessary corporate or limited liability company action on the part of AT&T and ACSJ, and the execution, delivery and performance by each of AT&T, ACSJ and their Affiliates of the other Unwind Agreements to be executed by it on or prior to the Closing, and the consummation of the transactions contemplated thereby, will, prior to such execution and delivery, be duly authorized by all necessary corporate, partnership, limited liability company or other similar action on the part of AT&T, ACSJ or such Affiliates, and no other corporate, partnership, limited liability company or other similar proceedings or actions on the part of any of AT&T, ACSJ or such Affiliates, or their respective boards of directors or other governing bodies or stockholders, partners or members are necessary therefor. This Agreement has been, and the other Unwind Agreements to be executed by AT&T, ACSJ and their Affiliates on or prior to the Closing will, when executed and delivered, be, duly executed and delivered by AT&T, ACSJ and their Affiliates, as applicable. Assuming the due execution and delivery hereof and thereof by the other parties thereto, this Agreement constitutes, and the other Unwind Agreements to be executed by AT&T, ACSJ or their Affiliates on or prior to the Closing will, when duly executed and delivered, constitute, legal, valid and binding obligations of AT&T, ACSJ and such

Affiliates that are parties thereto, enforceable against it or them in accordance with their respective terms.

(c) **No Conflicts.** The execution, delivery and performance by each of AT&T and ACSJ of this Agreement, the consummation of the transactions contemplated hereby and compliance with the terms hereof do not, and the execution, delivery and performance by each of AT&T, ACSJ and their Affiliates of the other Unwind Agreements to be executed by it on or prior to the Closing, the consummation of the transactions contemplated by such Unwind Agreements and compliance with the terms of such Unwind Agreements will not at the Closing, conflict with, or constitute or result in any Default under (i) any provision of the Restated Certificate of Incorporation or bylaws of AT&T, the constitutive or similar governing documents of ACSJ or any provision of the constitutive or similar governing documents of any such Affiliate, (ii) any order, arbitration award, judgment, injunction or decree against, or binding upon, any of AT&T, ACSJ or any such Affiliate or upon its properties or businesses, (iii) any instrument, contract, mortgage, charge or other agreement to which AT&T, ACSJ or any such Affiliate is a party or by which any of its Assets is bound, or (iv) under any Applicable Law with respect to AT&T, ACSJ or any such Affiliates or any of their respective Assets (except, with respect to clauses (ii), (iii) and (iv), for such conflicts or Defaults that, individually or in the aggregate, would not have a material effect on the ability of AT&T, ACSJ or any of their Affiliates, as applicable, to perform in all material respects its obligations under this Agreement and the other Unwind Agreements to which it is a party in accordance with their respective terms).

(d) **Consents and Approvals.** Except as provided in Schedule 6.1(d) or except as may be required to implement the steps set forth in Schedule 2.1(c) in accordance with Applicable Law, no Third Party Approval and no Governmental Approval is required to be obtained or made by AT&T, ACSJ or any of their Affiliates in connection with the execution, delivery and performance of this Agreement and the other Unwind Agreements and the transactions contemplated hereby and thereby, except for Third Party Approvals or Governmental Approvals, the absence of which, individually or in the aggregate, would not have a material effect on the ability of any of AT&T, ACSJ or their Affiliates, as applicable, to perform in all material respects its obligations under this Agreement and the other Unwind Agreements to which it is a party in accordance with their respective terms.

6.2 Representations and Warranties of BT. BT represents and warrants to the AT&T Parties, as follows:

(a) **Organization and Standing.** BT is a public limited company incorporated under the laws of England and Wales, and BT Holdings is a *Besloten Vennootschap* organized under the laws of The Netherlands, and each has all requisite corporate authority and power necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted.

(b) **Authorization; Validity.** Each of BT and BT Holdings has all requisite corporate authority and power to execute and deliver this Agreement, to

perform its obligations hereunder and to consummate the transactions contemplated hereby. Each of BT, BT Holdings and their Affiliates will have at the Closing all requisite corporate, partnership, limited liability company or other similar authority and power to execute and deliver the other Unwind Agreements to be executed by it on or prior to the Closing, to perform its obligations under such other Unwind Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution, delivery and performance by each of BT and BT Holdings of this Agreement, and the consummation by each of BT and BT Holdings of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of BT and BT Holdings, and the execution, delivery and performance by each of BT, BT Holdings and their Affiliates of the other Unwind Agreements to be executed by it on or prior to the Closing, and the consummation of the transactions contemplated thereby, will, prior to such execution and delivery, be duly authorized by all necessary corporate, partnership, limited liability company or other similar action on the part of BT, BT Holdings or such Affiliates and no other corporate, partnership, limited liability company or other similar proceedings or actions on the part of any of BT, BT Holdings or such Affiliates, or their respective boards of directors or other governing bodies or stockholders, partners or members will be necessary therefor. This Agreement has been, and the other Unwind Agreements to be executed by BT, BT Holdings and their Affiliates on or prior to the Closing will, when executed and delivered, be, duly executed and delivered by BT, BT Holdings and their Affiliates, as applicable. Assuming the due execution and delivery hereof and thereof by the other parties thereto, this Agreement constitutes, and the other Unwind Agreements to be executed by BT, BT Holdings or their Affiliates on or prior to the Closing will, when duly executed and delivered, constitute, legal, valid and binding obligations of BT, BT Holdings and such Affiliates that are parties thereto, enforceable against it or them in accordance with their respective terms.

(c) **No Conflicts.** The execution, delivery and performance by each of BT and BT Holdings of this Agreement, the consummation of the transactions contemplated hereby and compliance with the terms hereof do not, and the execution, delivery and performance by each of BT, BT Holdings and their Affiliates of the other Unwind Agreements to be executed by it on or prior to the Closing, the consummation of the transactions contemplated by such Unwind Agreements and compliance with the terms of such Unwind Agreements will not at the Closing, conflict with, or constitute or result in any Default under (i) any provision of the memorandum or articles of association or bylaws of BT, the articles of association of BT Holdings or any provision of the constitutive or similar governing documents of any such Affiliate, (ii) any order, arbitration award, judgment, injunction or decree against, or binding upon, any of BT, BT Holdings or any such Affiliate or upon its properties or businesses, (iii) any instrument, contract, mortgage, charge or other agreement to which BT, BT Holdings or any such Affiliate is a party or by which any of its Assets is bound, or (iv) under any Applicable Law with respect to BT, BT Holdings or any such Affiliates, or any of their respective Assets (except, with respect to clauses (ii), (iii) and (iv), for such conflicts or Defaults that, individually or in the aggregate, would not have a material effect on the ability of BT, BT Holdings or any of their Affiliates, as applicable, to perform in all

material respects its obligations under this Agreement and the other Unwind Agreements to which it is a party in accordance with their respective terms).

(d) **Consents and Approvals.** Except as provided in Schedule 6.2(d) or except as may be required to implement the steps set forth in Schedule 2.1(c) in accordance with Applicable Law, no Third Party Approval and no Governmental Approval is required to be obtained or made by BT, BT Holdings or any of their Affiliates in connection with the execution, delivery and performance of this Agreement and the other Unwind Agreements and the transactions contemplated hereby and thereby, except for Third Party Approvals or Governmental Approvals, the absence of which, individually or in the aggregate, would not have a material effect on the ability of BT, BT Holdings or their Affiliates, as applicable, to perform in all material respects its obligations under this Agreement and the other Unwind Agreements to which it is a party in accordance with their respective terms.

6.3 **Concert BV** Each of AT&T and BT has taken all action deemed necessary by it to be comfortable that Sections 6.3(a) and (b) are true and correct in all material respects, and neither parent shall make any claim or assertion against the other parent based on the provisions thereof being untrue or incorrect in any respect.

(a) **Organization and Standing.** Concert BV is a *Besloten Vennootschap* organized under the laws of The Netherlands, and has all requisite corporate or other authority and power necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted.

(b) **Authorization; Validity.** Concert BV has all requisite corporate or other authority and power to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. Each of Concert BV and its Affiliates will have at the Closing all requisite corporate, partnership, limited liability company or other similar authority and power to execute and deliver the other Unwind Agreements to be executed by it on or prior to the Closing, to perform its obligations under such other Unwind Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution, delivery and performance by Concert BV of this Agreement, and the consummation by Concert BV of the transactions contemplated hereby, have been duly authorized by all necessary corporate or other action on the part of Concert BV, and the execution, delivery and performance by Concert BV and its Affiliates of the other Unwind Agreements to be executed by it on or prior to the Closing, and the consummation of the transactions contemplated thereby, will, prior to such execution and delivery, be duly authorized by all necessary corporate, partnership, limited liability company or other similar action on the part of Concert BV or such Affiliates and no other corporate, partnership, limited liability company or other similar proceedings or actions on the part of any of Concert BV or such Affiliates or their respective governing bodies or stockholders, partners or members will be necessary therefor. This Agreement has been, and the other Unwind Agreements to be executed by Concert BV and its Affiliates on or prior to the Closing will, when executed and delivered, be, duly executed and delivered by Concert BV and

its Affiliates, as applicable. Assuming the due execution and delivery hereof and thereof by the other parties thereto, this Agreement constitutes, and the other Unwind Agreements to be executed by Concert BV and its Affiliates on or prior to the Closing will, when duly executed and delivered, constitute, legal, valid and binding obligations of Concert BV and such Affiliates, enforceable against it in accordance with their respective terms.

ARTICLE VII

COVENANTS

7.1 Reasonable Best Efforts; Conduct of Concert Group

(a) The parents and Concert BV shall use their reasonable best efforts to consummate the Closing as soon as practicable following the date of this Agreement. Notwithstanding any reasonable best efforts or similar obligation of the parties to obtain Key Governmental Approvals, consummate the Closing or take similar actions under this Agreement, a parent or any of its Affiliates may enter into and perform any agreement with respect to any spin-off, merger, acquisition, asset or equity purchase, asset or equity sale transaction or other restructuring, recapitalization, business combination or similar transaction (each, a "**New Transaction**"); provided, that (x) the relevant parent will otherwise continue to have a reasonable best efforts obligation to obtain its Key Governmental Approvals and otherwise consummate the transactions contemplated hereby as promptly as practicable following the date hereof, and continue to have a reasonable best efforts or similar obligation to consummate the Closing and take such similar actions, and (y) all applicable provisions of the Framework Agreement shall remain in full force and effect except (1) that Section 11.10 of the Framework Agreement is hereby amended to eliminate any cure period regarding any breach of Article 11 of the Framework Agreement with respect to any such New Transaction, and (2) as such applicable provisions of the Framework Agreement are otherwise expressly amended by this Agreement.

(b) From the date hereof until the Closing Date except as otherwise permitted or required by this Agreement, including Article V hereof and including Schedule 2.1(c), the Funding Plan or the other Unwind Agreements or as approved by the Shareholder Representatives, the parents shall cause Concert BV not to, and Concert BV shall cause each of the Concert Subsidiaries not to:

- (i) amend its constitutive or equivalent documents;
- (ii) declare or pay any dividend or distribution with respect to its capital stock or share capital;
- (iii) repurchase its capital stock or share capital;
- (iv) create, incur or assume any long-term or short-term Indebtedness (other than any Indebtedness contemplated by Section 5.1);

(v) assume, guarantee, endorse or otherwise become liable or responsible for any material obligations of any Person;

(vi) make any loans, advances or capital contributions to, or investments in, any Person in excess of \$100,000 either singly or in a series of transactions taken together in aggregate;

(vii) sell, transfer or otherwise dispose of or, except as provided in Section 5.2, acquire any GV Asset exceeding \$500,000 individually or \$2,000,000 in the aggregate in value without the prior written consent of the parent to whom such GV Asset has been allocated or both parents in the event such GV Asset is an Unallocated Asset;

(viii) give notice of default under, terminate or cancel any material customer, correspondent, supply or distributor agreement or any other material agreement other than in the ordinary course of the Venture Business and other than with the prior written consent of the parent to which such agreement has been allocated (for the purpose of this Section 7.1(b), a contract shall be deemed to be "material" if it has annual revenues or annual expenditures of over \$1,000,000 or otherwise has a value exceeding \$1,000,000, or contains any exclusivity or most-favored customer provisions or purchase commitment obligations);

(ix) enter into any new material customer, correspondent, supply or distributor agreement or other material agreement or modify any such existing agreement;

(x) except as contemplated by the Employee Matters Agreement or the Transition Plan, enter into any employment agreements or increase the compensation or benefits of, or grant any severance pay or termination pay to, any of its employees, officers or directors; establish, adopt or enter into any employee benefit plan, program or arrangement or amend, modify or terminate any employee benefit plan in effect as of the date hereof, except in the ordinary course of the Venture Business;

(xi) degrade, diminish or otherwise modify the Concert Group product portfolio or the related MSD's or SLA's that exist as of September 15, 2001,

(xii) change the price books of the Concert Group in effect as of September 15, 2001, except that the Concert Group may continue its current practices in connection with responding to special bids;

(xiii) enter into any new arrangement or change any existing arrangement between a member of the Concert Group, on the one hand, and a parent or any of its Affiliates, on the other hand, having annual revenues or annual expenditures exceeding \$1,000,000 or otherwise having a value exceeding \$1,000,000;

(xiv) modify or replace any existing arrangement, grant any credit or enter into any settlement with respect to any contract involving in excess of

\$100,000 if the impact thereof would be to increase or decrease the Adjusted Net Assets of either the AT&T Concert Group or the BT Concert Group;

(xv) take any action to accelerate or defer, decrease or delay the recognition of any receivable owing to any member of the Concert Group involving in excess of \$100,000;

(xvi) take any action to accelerate or defer the settlement, accrual or creation of, increase the amount of, any payable owing by any member of the Concert Group involving in excess of \$100,000; or

(xvii) enter into any agreement or commit to effect or implement any of the foregoing.

7.2 Governmental and Third Party Approvals.

(a) From the date of this Agreement, each parent and Concert BV shall use its reasonable best efforts to obtain, in the case of AT&T, the Governmental Approvals set forth in Schedule 6 1(d) with respect to AT&T and, in the case of BT, the Governmental Approvals set forth in Schedule 6 2(d) with respect to BT (collectively, the "**Key Governmental Approvals**") required for the parents, Concert BV and their Subsidiaries to consummate the transactions contemplated by the Unwind Agreements, and to obtain such approvals as is necessary for its independent operation of the AT&T Allocated Business or BT Allocated Business, as the case may be, provided, however, that, whether in connection with any discussions with any Governmental Body or in connection with any Governmental Approval with respect to the transactions contemplated hereby or otherwise, (i) the obligations of the parents to use reasonable best efforts shall not limit or restrict the parents' ability to negotiate any matters that under the terms of any Unwind Agreement remain to be agreed by the parents, and (ii) neither parent shall be required to agree to any important restriction, modification, limitation or reduction of any material provision of this Agreement or any other Unwind Agreement. In addition, each parent will cooperate with and use reasonable commercial efforts to assist the other parent in obtaining the Key Governmental Approvals for which such other parent is responsible; provided that it is agreed that the cost and expense (including any reasonable out-of-pocket cost and expense incurred by the cooperating parent and any allocations of its in-house counsel charges, which shall, in each case, be promptly reimbursed to the cooperating parent) and the responsibility for obtaining such Key Governmental Approvals shall rest with AT&T with respect to the AT&T Governmental Approvals set forth on Schedule 6 1(d) and with BT with respect to the BT Governmental Approvals set forth on Schedule 6 2(d).

(b) From the date of this Agreement, the parents and Concert BV shall make or cause to be made available all information reasonably requested by the other parent or a parent to permit all necessary filings and notices to the European Commission to be made within one week following the execution of this Agreement or as promptly thereafter as required, and, with respect to filings and notifications in the United States and elsewhere, as promptly as practicably following the execution hereof, but in

may occur prior to the Closing. In connection therewith, from the date hereof to the Closing Date: -

(i) Each parent shall, and shall cause its Representatives on the DirectorCo Board and Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, adopt such board (or other similar governing body) or shareholder resolutions as may be necessary to approve, ratify or confirm such transfers or redemptions of equity interests and GV Assets, the dissolution or liquidation of members of the Concert Group or the creation of new members of the Concert Group

(ii) Each parent shall, and shall cause its Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, execute and deliver such instruments or deeds of transfer, stock powers or similar documents as may be required by Applicable Law to evidence and effect such transfers or redemptions of equity interests, all of which instruments, deeds, stock powers or similar documents shall be in customary and usual form with respect to the jurisdiction in question.

(iii) Each parent shall, and shall cause its Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, execute and deliver such instruments or deeds of transfer, assignment and assumption agreements, bills of sale or similar documents as may be required by Applicable Law to evidence and effect such transfers of GV Assets, all of which instruments, deeds, agreements, bills or similar documents shall be in customary and usual form with respect to the jurisdiction in question.

(iv) Each parent shall, and shall cause its Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, execute and deliver such instruments, deeds, agreements or other documents as may be required by Applicable Law to effect any such dissolution or liquidation of members of the Concert Group or the creation of any new member of the Concert Group, all of which instruments, deeds, agreements or other documents shall be in customary and usual form with respect to the jurisdiction in question.

(c) If any AT&T Asset or GV Liability allocated to AT&T is held by BT or any Affiliate thereof following the Closing or any BT Asset or GV Liability allocated to BT is held by AT&T or any Affiliate thereof following the Closing, then BT or AT&T, as applicable, shall hold such Asset or Liability in trust for and for the account of AT&T or BT, as applicable, and shall transfer such Asset or Liability to AT&T or BT, as applicable, as soon as practicable, free and clear of and without reduction for or on account of any charges, fees, levies, deductions or set-offs of any nature or kind.

(d) Prior to the Closing Date, on a date mutually agreed by the parties, Concert BV shall cause Concert Global Network Services Limited, a Bermuda company, and TNV (Netherlands Antilles) N.V., a Netherlands Antilles company, to enter into separate cable trust and management agreements, substantially in the forms of Exhibit 7-A and Exhibit 7-B attached hereto (the "Cable Trusts").

(e) Without limiting the foregoing, if, by the Closing Date, AT&T has not obtained the requisite or desirable licenses with respect to the "Big Foot" assets (as described in the Transition Plan) in Argentina or Brazil, the parents shall, or shall cause their respective Affiliates to, execute and deliver:

(i) the Argentina lease agreement, substantially in the form of Exhibit 8 attached hereto (the "Argentina Agreement"), or

(ii) the Brazil lease agreement, substantially in the form of Exhibit 9 attached hereto (the "Brazil Agreement").

7.10 Insurance

(a) The parents agree that the directors' and officers' insurance and errors and omissions insurance of the Concert Group in effect as of the Closing Date shall be extended for a period of six years after the Closing Date for the purpose of continuing coverage for any facts, events or circumstances occurring or existing prior to the Closing Date. The costs of extending such insurance coverage shall be borne by the parents on an equal basis.

(b) From and after the Closing Date, each parent shall be responsible for obtaining its own insurance coverage for its respective Allocated Business.

7.11 Expenses Except as otherwise expressly set forth herein and except as may be separately agreed by AT&T and BT in writing, each parent and its Affiliates shall bear their own expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the other Unwind Agreements and the transactions contemplated hereby and thereby.

ARTICLE VIII

PARTICULAR MATTERS

8.1 AGNS Each parent agrees that it will not, and that it will not permit any of its Affiliates to, take any action until at least 60 days following the termination of this Agreement to refer any matter to the Wise Counselor or any other arbitrator for resolution in accordance with Section 7 of the Letter Agreement, between AT&T and BT, dated November 22, 1999, as amended by Amendment No. 1 on February 24, 2000, Amendment No. 2 on May 25, 2000, and Amendment No. 3 on June 15, 2000 (together with the Schedules and Attachments thereto, the "AGNS Agreement").

8.2 Canada

(a) Concurrently with the execution of this Agreement, each parent and its applicable Affiliates has entered into a partnership interest transfer

agreement regarding AT&T BT Canada JVI General Partnership (the "Canada Agreement").

(b) On the Closing Date, AT&T or one of its Affiliates shall pay to BT Holdings an amount equal to the Agreed Amount in Dollars in cash by wire transfer of immediately available funds, to enable BT to satisfy its obligations to AT&T BT Canada JVI General Partnership as set forth in Section 9.1(e). "Agreed Amount" means the Dollar equivalent of the principal of, plus accrued and unpaid interest on, the note issued by BT to the AT&T BT Canada JVI General Partnership (the "Canadian Note") determined as of the close of business on the day prior to the Closing Date. The conversion of Canadian dollars into Dollars shall be made using the closing buying rate shown on the Bloomberg Professional Screen in New York City on the relevant date.

8.3 Farland. From the date hereof until the Closing Date, BT shall continue to operate Farland in the ordinary course of business consistent with past practice, without materially changing its operations or business plan in a manner that would expand any conflict between its operations and the provisions of the Framework Agreement (without giving effect to Section 11.18 of the Framework Agreement), and (i) notwithstanding the provisions of Section 11.18(a) of the Framework Agreement, Article 11 of the Framework Agreement shall not apply to BT's or any of its Affiliate's equity interests in Farland or to BT's or any of its Affiliate's indirect interest in any Assets or Subsidiaries of Farland, and (ii) notwithstanding the provisions of Sections 11.18(b) and (d) of the Framework Agreement, neither BT nor any of its Affiliates shall be required to perform its obligations thereunder.

8.4 Customer Contracts

(a) Notwithstanding anything in the Framework Agreement, any Transaction Agreement or any other agreement to the contrary, the parties agree that from and after the date hereof, each of the parents and their respective Affiliates shall be entitled to enter into new agreements with Qualifying MNC Customers and agreements for the Concert Group's provision of Carrier Services (in each case, including agreements extending the term of, or renewing or adding additional services to existing agreements, but not merely adding additional volume) in the name of the applicable parent or any Affiliate thereof, provided, that, the applicable parent or Affiliate thereof shall hold such contract in trust for the economic benefit or risk of the Concert Group, and all revenues and receivables and payables derived therefrom in respect of performance prior to the Closing Date will be promptly transferred to a member of the Concert Group prior to the Closing (it being agreed that after the Closing such contracts shall be for the economic benefit or risk of, and all amounts payable thereunder in respect of performance from and after the Closing shall be paid to, the relevant parent or its Affiliate).

(b) With respect to any agreement in effect as of the date hereof relating to the offer, sale or distribution of Communications Services to any Qualifying MNC Customer or relating to the Concert Group's provision of Carrier Services, in either case which agreement is allocated to the other parent pursuant to this Agreement from and after the Closing, the parties shall not, and shall not permit any of

their respective Affiliates to, seek to induce or induce any third party to terminate or breach such agreement, or to amend any such agreement to reduce the level of any products or services committed thereunder or to shorten the term thereof. Without diminishing the obligations set forth in the preceding sentence, if, prior to the Closing, a Qualifying MNC Customer or other customer of the Concert Group requests the assignment or transfer of a customer contract existing as of the date hereof to the parent to whom such contract is to be transferred as of the Closing Date, the Shareholder Representatives shall review the request. If the Shareholder Representatives determine that the assignment or transfer request should be granted, the customer contract in question shall be assigned or transferred to the applicable parent or its Affiliate only to the extent permitted by Applicable Law, it being understood that notwithstanding any such assignment or transfer, such parent or its Affiliate shall hold such contract in trust for the economic benefit or risk of the Concert Group, and all revenues and receivables and payables derived therefrom in respect of performance prior to the Closing Date will be transferred to a member of the Concert Group prior to Closing (it being agreed that after the Closing such contracts shall be for the economic benefit or risk of, and all amounts payable thereunder in respect of performance from and after the Closing shall be paid to, the relevant parent or its Affiliate).

8.5 Revenues and Benefits for Certain Matters. If a parent (i) enters into any agreement to use the assets described in Section 5.2(b), (ii) enters into any agreement pursuant to Section 8.4(a), or (iii) receives the assignment or transfer of any agreement pursuant to Section 8.4(b), then such parent shall promptly notify the other parent in writing describing such arrangements in sufficient detail to enable all revenues, receivables and payables derived therefrom to be reflected in the Closing Statements.

8.6 Transaction Agreements. From the date hereof until the Closing Date, except as specifically modified by the terms of this Agreement or any other Unwind Agreement, the Framework Agreement and the other Transaction Agreements shall remain in full force and effect and the parties shall continue to perform their respective obligations thereunder.

ARTICLE IX

CLOSING

9.1 Closing.

(a) AT&T and BT shall promptly notify the other parties upon receipt of notice that any Key Governmental Approvals required to be obtained by the notifying parties in connection with the transactions contemplated hereby have been obtained. As soon as practicable and in any event within 10 Business Days after all conditions set forth in Article X have been satisfied or waived, but in no event earlier than the earlier of (i) February 1, 2002, and (ii) the completion of the projects set forth in the Transition Plan (such earlier date, the "First Date"), the closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York

10019, at 10:00 a.m., New York City time, at a date agreed to by the parties, provided, however, that if all of the conditions set forth in Article X have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing), but a parent forms a reasonable opinion that one or more of the steps set forth in Schedule 2.1(c) will result in a delay of the Closing, such parent shall have the right, notwithstanding the obligations contained in Section 7.1(a) to use reasonable best efforts to consummate the Closing, by notice in writing to the other parent, to extend the period to effect the Closing for a period of up to 90 days following the date of satisfaction of all of the conditions set forth in Article X (other than those conditions that by their nature are to be satisfied at the Closing), but in any event no earlier than the First Date (the "**90 Day Period**"), in which case (i) upon delivery of such notice, each parent shall automatically have the right to use, in accordance with Section 5.2(b), the assets and associated systems that it funded pursuant to Section 5.2(b), and (ii) not later than the last day of the 90 Day Period, the Closing shall occur (but subject to the satisfaction of all of the conditions set forth in Article X as of the Closing Date), and, if necessary, the party invoking the extension of the period for Closing shall have the right to trigger the restructuring rights set forth in Section 4(c)(ii) of the Tax Matters Agreement (if such restructuring rights have theretofore not been invoked) and the parties shall, subject to the satisfaction of all of the conditions set forth in Article X as of the Closing Date, effect the Closing based on any finally determined Restructuring (as defined in the Tax Matters Agreement) no later than the last day of the 90 Day Period. The time and date upon which the Closing occurs is referred to herein as the "**Closing Date**." Except as mutually agreed, the extension of the Closing for the 90 Day Period shall not extend the Closing beyond December 31, 2002.

(b) At the Closing, upon the terms and subject to the conditions set forth herein, each party will and will cause its Affiliates to take the actions described in Article 10 to be taken at the Closing and this Section 9.1 and execute and deliver such other instruments and take all such other reasonable actions as are necessary to consummate the transactions contemplated by the Unwind Agreements to be consummated by it and its Affiliates at the Closing.

(c) At the Closing, upon the terms and subject to the conditions set forth herein, each of the parties shall, and shall cause its Affiliates and, insofar as within its power, each of the Concert Subsidiaries to, enter into each of the Unwind Agreements which have not been entered into prior to the Closing Date to which such party, its Affiliates or such Concert Subsidiary, as the case may be, are parties, including the following Unwind Agreements:

(i) each of the Commercial Agreements, substantially in the forms of Exhibit 1 - Exhibit 6 appended to Schedule 1.1A hereto; and

(ii) the mutual release, substantially in the form of Exhibit 10 attached hereto (the "**Mutual Release**").

(d) At the Closing:

(i) Each parent shall, and shall cause its Representatives on the DirectorCo Board and Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, adopt such board or shareholder resolutions as may be necessary to approve, ratify or confirm the GV Share Transfers and the GV Asset Transfers and the other matters contemplated by this Agreement and to dissolve DirectorCo and AT&T/BT Strategic Investment Program L L C.

(ii) Each parent shall, and shall cause its Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, execute and deliver such instruments or deeds of transfer, stock powers or similar documents as may be required by Applicable Law to evidence and effect the GV Share Transfers or the dissolution of DirectorCo or AT&T/BT Strategic Investment Program L L C., all of which instruments, deeds, stock powers or similar documents shall be in customary and usual form with respect to the jurisdiction in question.

(iii) Each parent shall, and shall cause its Affiliates to, and Concert BV shall, and shall cause the Concert Subsidiaries to, execute and deliver such instruments or deeds of transfer, assignment and assumption agreements, bills of sale or similar documents as may be required by Applicable Law to evidence and effect the GV Asset Transfers, all of which instruments, deeds, agreements, bills or similar documents shall be in customary and usual form with respect to the jurisdiction in question.

(iv) AT&T or its Affiliate shall receive share certificates or other evidences of its interests in the Concert Subsidiaries listed on Schedule 2 1(c), and BT or its Affiliate shall receive share certificates or other evidences of its interests in the Concert Subsidiaries listed on Schedule 2 1(c).

(v) Without duplication of Section 9.1(d)(iv), AT&T or its Affiliate shall receive instruments or deeds of transfer, bills of sale or other similar documents evidencing the transfer to it of the AT&T Assets to be transferred by way of GV Asset Transfers, and BT or its Affiliates shall receive instruments or deeds of transfer, bills of sale or other similar documents evidencing the transfer to it of the BT Assets to be transferred by way of GV Asset Transfers.

(e) On the Closing Date, immediately following the Closing, BT shall immediately repay in Dollars in cash by wire transfer of immediately available funds the Agreed Amount to the AT&T BT Canada JVI General Partnership in full satisfaction of the Canadian Note.

9.2 Termination of Framework Agreement and Venture Business

(a) Subject to the consummation of the transactions contemplated by Section 9.1, on the Closing Date, the Framework Agreement, the other Transaction Agreements, all other agreements contemplated by the Transaction Agreements, and the AGNS Agreement (including all provisions of the foregoing that

purport to survive termination other than any provisions relating to maintaining confidentiality of information) shall automatically, without any further action on the part of any party thereto, terminate and be of no further force or effect, except (i) as otherwise provided in Article XIII and the Tax Matters Agreement, and (ii) that the defined terms set forth in the Framework Agreement shall continue in effect for the purposes of this Agreement.

(b) Upon the Closing, the Concert Group joint venture shall be deemed to be dissolved and the Venture Business shall be deemed to be terminated.

9.3 Parent Actions. Following the Closing, each parent shall use reasonable best efforts, and shall cause its Affiliates to use reasonable best efforts, to take all such actions as may be necessary to facilitate the dissolution of the Concert Group joint venture and the termination of the Venture Business as provided in this Agreement and the other Unwind Agreements. Following the Closing, each of AT&T and BT shall cause each member of the AT&T Group or the BT Group, respectively, to comply with all of its respective obligations under any Unwind Agreement.

ARTICLE X

CONDITIONS TO CLOSING

10.1 Condition to Each Party's Obligations. The obligations of each of AT&T and BT and their Affiliates to enter into the other Unwind Agreements not theretofore executed and delivered to which they are parties and otherwise to consummate the transactions to be consummated by them at Closing are subject to the fulfillment to the satisfaction of, or waiver by, each of AT&T and BT, as of the Closing Date, of the following conditions:

(a) **Governmental Approvals.**

(i) All notifications required pursuant to the HSR Act for the transactions contemplated hereby shall have been made, and the applicable waiting period and any extensions thereof shall have expired or been terminated.

(ii) The European Commission, pursuant to the EU Merger Regulations, shall have granted approval of this Agreement and each other Unwind Agreement and the transactions contemplated hereby and thereby or, upon any transfer of jurisdiction under the Merger Regulations to a relevant national Governmental Body or Bodies, on receipt of the appropriate clearance or clearances.

(iii) All necessary FCC Orders approving the transactions contemplated hereby shall have been obtained, none of which shall have been revoked or stayed as of the Closing Date.

(iv) The U.S. Government shall have notified Concert BV and BT of a decision to take no action with respect to any notice filed by Concert BV

and BT with the Committee on Foreign Investment in the United States in connection with this transaction.

(v) (x) A written notice shall have been received by AT&T, BT and Concert BV from the U.S. Department of Defense, the U.S. Department of Justice and the Federal Bureau of Investigation indicating that no further action is required of AT&T or BT or their Affiliates in connection with that certain agreement, dated October 7, 1999, by and between AT&T, BT, Concert BV, Concert Global Networks USA L.L.C. (formerly known as VLT Co. L.L.C.), Violet License Co. L.L.C., the U.S. Department of Defense, the U.S. Department of Justice and the Federal Bureau of Investigation, or (y) at the time of Closing, none of these agencies is continuing to interpose any objection to this transaction.

(vi) No Governmental Body shall, at the time of Closing, be taking any action to rescind or withdraw any Governmental Approvals contemplated by Section 10.1(a)(i), (ii), (iii), (iv) or (v).

(vii) The consent of HM Treasury under section 765 of the Income and Corporation Taxes Act 1988 to the transactions contemplated hereby shall have been obtained or it has been determined as a matter of law that section 765 of the Income and Corporation Taxes Act 1988 does not apply to such transactions.

(b) **No Injunctions.** No order, judgment, injunction, award or decree shall have been entered and in effect or threatened and not withdrawn by any Governmental Body (including the European Commission) that enjoins, restrains or prohibits the consummation of any of the transactions contemplated hereby or by the other Unwind Agreements, puts in doubt the validity of this Agreement or any other Unwind Agreement in any material respect or materially affects the ability of AT&T to operate the AT&T Allocated Business, taken as a whole, or BT to operate the BT Allocated Business, taken as a whole.

(c) **Unwind Agreements.** The Unwind Agreements listed in Sections 9.1(c) and (d) shall have been executed and delivered by the parties thereto and such Unwind Agreements and the other Unwind Agreements shall be in full force and effect.

(d) **Canada.** The transactions contemplated by the Canada Agreement shall simultaneously be consummated with the transactions contemplated hereby.

10.2 Conditions to the Obligations of AT&T. The obligations of each of AT&T and its Affiliates to enter into the other Unwind Agreements to which it is a party and to otherwise consummate the transactions that are to be consummated by them at the Closing are subject to the fulfillment to the satisfaction of, or waiver by, AT&T, as of the Closing Date, of the following additional conditions:

(a) **Accuracy of Representations and Warranties.** The representations and warranties by BT in this Agreement shall be true and correct, in each

case as of the date they were made and as of the Closing Date, as if made on and as of the Closing Date, except in either case where the failure to be true or correct would not have a material adverse effect on the AT&T Allocated Business.

(b) **Performance of Obligations.** BT and its Affiliates shall have performed or complied with their respective covenants and agreements contained in the Unwind Agreements required to be performed or complied with by BT and its Affiliates on or prior to the Closing Date except where failure to have performed or complied would not have a material adverse effect on the AT&T Allocated Business

10.3 Conditions to the Obligations of BT. The obligations of each of BT and its Affiliates to enter into the other Unwind Agreements to which it is a party and to otherwise consummate the transactions that are to be consummated by them at the Closing are subject to the fulfillment to the satisfaction of, or waiver by, BT, as of the Closing Date, of the following additional conditions

(a) **Accuracy of Representations and Warranties.** The representations and warranties by AT&T in this Agreement shall be true and correct, in each case as of the date they were made and as of the Closing Date, as if made on and as of the Closing Date, except, in either case, where the failure to be true and correct would not have a material adverse effect on the BT Allocated Business.

(b) **Performance of Obligations.** AT&T and its Affiliates shall have performed or complied with their respective covenants and agreements contained in the Unwind Agreements required to be performed or complied with by AT&T and its Affiliates on or prior to the Closing Date except where failure to have performed or complied would not have a material adverse effect on the BT Allocated Business.

ARTICLE XI

INDEMNIFICATION

11.1 Indemnification by AT&T. Subject to the terms of this Agreement, AT&T shall indemnify and hold harmless BT and its Affiliates and their respective officers, directors, employees, agents and representatives and each of their respective heirs, executors, successors and assigns (the "**BT Indemnified Parties**") from and against all claims, liabilities, losses, costs, expenses and damages, including the reasonable fees, expenses and other charges of counsel (collectively, "**Losses**"), to the extent relating to, arising out of or resulting from, or asserted by third Persons against the BT Indemnified Parties in connection with (a) the AT&T Allocated Business and the ownership or operation thereof after the Closing Date, (b) AT&T Post-Closing Liabilities, (c) any Excluded AT&T Liabilities, (d) Operational Concert Liabilities assumed by AT&T pursuant hereto, and (e) Liabilities reflected in the Adjusted Net Assets of the AT&T Concert Balance Sheet, except in the case of clause (a) or (b), where the Losses arise from the gross negligence or willful misconduct of BT or its Affiliates or their respective officers, directors, employees, agents or representatives in the operation

of any assets of the AT&T Allocated Business for and on behalf of AT&T or its Affiliates as contemplated by Section 7.2(e) or otherwise

11.2 Indemnification by BT Subject to the terms of this Agreement, BT shall indemnify and hold harmless AT&T and its Affiliates and their respective officers, directors, employees, agents and representatives and each of their respective heirs, executors, successors and assigns (the "**AT&T Indemnified Parties**") from and against all Losses, to the extent relating to, arising out of or resulting from, or asserted by third Persons against the AT&T Indemnified Parties in connection with (a) the BT Allocated Business and the ownership or operation thereof after the Closing Date, (b) BT Post-Closing Liabilities, (c) any Excluded BT Liabilities, (d) Operational Concert Liabilities assumed by BT pursuant hereto, and (e) Liabilities reflected in the Adjusted Net Assets of the BT Concert Balance Sheet, except in the case of clause (a) or (b), where the Losses arise from the gross negligence or willful misconduct of AT&T or its Affiliates or their respective officers, directors, employees, agents or representatives in the operation of any assets of the BT Allocated Business for and on behalf of BT or its Affiliates as contemplated by Section 7.2(e) or otherwise.

11.3 Notice and Opportunity to Defend Against Third Party Claims.

(a) Promptly after receipt by any BT Indemnified Party or AT&T Indemnified Party (the "**Indemnitee**") from any third party of notice of any demand, claim or circumstance that, with or without the lapse of time, would give rise to a claim or the commencement or threatened commencement of any action, proceeding or investigation (an "**Asserted Liability**") that may result in a Loss under Section 4.7, 11.1 or 11.2, as the case may be, the Indemnitee shall give notice thereof (the "**Claims Notice**") to AT&T or BT, as the case may be (the "**Indemnifying Party**"); provided, that, any failure to promptly give a Claims Notice shall not relieve any Indemnifying Party of its liability hereunder except to the extent that such Indemnifying Party has been materially prejudiced thereby. The Claims Notice shall describe the Asserted Liability in reasonable detail, and shall indicate the amount, estimated, if necessary and if possible, of the Loss that has been or may be suffered by the Indemnitee.

(b) The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability if and to the extent it confirms in writing that it has liability for such Asserted Liability without qualification; provided, however, that no Indemnifying Party shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnitee if the effect thereof is to permit any injunction, declaratory judgment, order or other nonmonetary relief to be entered, directly or indirectly, against the Indemnitee. If the Indemnifying Party elects to compromise or defend such Asserted Liability and gives such notice, it shall within 30 Business Days, or sooner, if the nature of the Asserted Liability so requires, notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party (including the allocated cost of in-house personnel of the Indemnified Party), in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided or

contests its liability to indemnify the Indemnitee, the Indemnitee may pay or defend such Asserted Liability. Notwithstanding the foregoing, neither the Indemnifying Party nor the Indemnitee may settle any claim over the objection of the other, unless such settlement (i) does not directly or indirectly involve the entry of any injunction, declaratory judgment, order or other nonmonetary relief against the Indemnitee or Indemnifying Party, (ii) includes a full release from liability of the Indemnifying Party and the Indemnitee, and (iii) is paid by the settling party only. In any event, the Indemnitee and the Indemnifying Party may participate, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any Asserted Liability, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense. If the Indemnifying Party does not so choose, it will make available to the Indemnitee any books, records or other documents within its control that are necessary or appropriate for the defense of the Asserted Liability.

(c) If any Asserted Liability involves a Loss in respect of which an Indemnifying Party has an indemnification obligation under Section 4.7 or this Article XI, as well as a Loss in respect of which such Indemnifying Party does not have an indemnification obligation under Section 4.7 or this Article XI, the parties shall cooperate in allocating responsibility therefor.

11.4 Limitations on Indemnification. Except in the case of the application of this Article XI in respect of an Action described in Section 4.7, the indemnification provided for in this Article XI shall be subject to the following limitations:

(a) An Indemnifying Party shall not be required to indemnify any Indemnitee, and shall not have any liability for any individual (or series of related) occurrences, events, circumstances, acts or omissions where the Loss relating thereto is less than \$100,000, and such occurrences, events, circumstances, acts or omissions shall not be aggregated for the purposes of Section 11.4(b), and

(b) An Indemnifying Party shall not be obligated to pay any amounts for indemnification under Section 11.1 or Section 11.2, as the case may be, until the aggregate amount of all Losses for which it would be liable exceeds on a cumulative basis an amount equal to \$500,000, whereupon the Indemnifying Party shall be obligated to pay in full all such Losses.

11.5 Indemnification in Respect of Specific Matters. BT and AT&T hereby acknowledge and agree that this Article XI shall not govern their respective indemnification obligations in respect of Losses relating to, arising out of or resulting from, or asserted by third Persons against BT or AT&T in connection with (i) any Taxes, which are governed by the Tax Matters Agreement, (ii) any employee matters, which are governed by the Employee Matters Agreement or (iii) any Claims made or asserted under any of the Commercial Agreements, the Argentina Agreement or the Brazil Agreement.

11.6 Certain Matters Relating to Indemnification.

(a) In no event shall any Indemnifying Party be responsible or liable for any Losses that are incidental, consequential, indirect, special, punitive or other than actual damages, except where such Losses arise from the willful breach by the Indemnifying Party or its Affiliates of any of its obligations under this Agreement or except to the extent such Losses are payable in respect of a third party claim.

(b) The amount which any Indemnifying Party is required to pay to any Indemnitee entitled to indemnification hereunder will be reduced by any insurance proceeds or other amount recovered or recoverable from any third party in reduction of the related Loss. If an Indemnitee receives a payment (an "**Indemnity Payment**") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives insurance proceeds or recovers any other amount as provided in this Section 11.6(b), then the Indemnitee will without demand reimburse the Indemnifying Party such amount as is equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the insurance proceeds or other amounts had been received, realized or recovered before the Indemnity Payment was made.

(c) To the extent set forth therein, the provisions of the Tax Matters Agreement shall govern the treatment of any indemnification payments made under this Agreement.

ARTICLE XII

BREACH; TERMINATION

12.1 **Breach.** Except as otherwise expressly provided herein, a party shall be in breach of this Agreement if it fails fully to perform, or suspends its performance of, its obligations hereunder and if it fails to cure such failure or suspension within 30 days following receipt of written notice thereof from one of the other parties.

12.2 **Remedies for Breach.** In addition to any other remedies set forth in this Agreement, the remedies for any breach of this Agreement shall include damages and injunctive relief, including specific performance. The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

12.3 Termination of this Agreement.

(a) If the Closing does not occur on or prior to December 31, 2002, either parent may give written notice of termination of this Agreement, so long as the notifying parent and its Affiliates are not in material breach of their representations and warranties, covenants or other obligations under this Agreement. The notice of termination shall specify a date, not later than 30 days following its delivery, for the effective time of termination. No termination of this Agreement shall relieve a party for any liability for any breach by it of the provisions hereof.

(b) Upon the termination of this Agreement, the Framework Agreement, the other Transaction Agreements and, subject to Section 8.1, the AGNS Agreement shall continue in full force and effect, except that:

(i) BT shall be required to make the offer to sell set forth in Section 11.18(b) of the Framework Agreement within 90 days after the date of termination of this Agreement; and

(ii) BT shall be required to comply with its obligations under Section 11.18(d) of the Framework Agreement on or before the first anniversary of the date of termination of this Agreement.

(c) Upon the termination of this Agreement, except for Article I, Section 4.1(a) with respect to the obligation to pay the Pound Adjustment or make a capital contribution, Section 7.4, Section 7.11, Section 8.1, Section 13.1 and Article XIV, which shall survive the termination of this Agreement, all other provisions of this Agreement shall cease to have any force or effect.

ARTICLE XIII

DISPUTE RESOLUTION

13.1 Jurisdiction of the Wise Counselor

(a) From the date of this Agreement until the Closing Date, any Claim arising out of or relating to this Agreement, the Employee Matters Agreement (but only to the extent specifically provided therein), or the Transition Plan (with respect to pre-Closing matters only) shall, in all cases, be submitted to the Wise Counselor in accordance with Article 24 of the Framework Agreement, as if this Agreement, the Employee Matters Agreement and the Transition Plan were "Transaction Agreements."

(b) Any Claim, other than a Major Claim, asserted on or after the Closing Date and prior to the fourth anniversary thereof, arising out of or relating to this Agreement, the Employee Matters Agreement (but only to the extent specifically provided therein), the Mutual Release or any other agreement, document or instrument contemplated hereby (other than the Tax Matters Agreement, the IPR Agreement, the Brand Agreement, the Commercial Agreements and the Canada Agreement) (collectively the "Covered Agreements") shall, in all cases, be resolved by the Wise Counselor in accordance with Sections 24.3(a), 24.3(b), 24.4(a), 24.8 and 24.9 of the Framework Agreement as if the Covered Agreements were "Transaction Agreements," and the determination of the Wise Counselor shall be final and binding on the parties thereto in all respects. For purposes of this Section 13.1(b), the reference to the "District Court" in Section 24.3(a) of the Framework Agreement shall be deemed to be a reference to the "Selected Courts."

(c) If the Closing occurs, Article 24 of the Framework Agreement shall remain in full force and effect after the Closing to enable the Wise

Counselor to make its determination of any Claims (other than Major Claims) submitted to the Wise Counselor in accordance with this Section 13.1.

13.2 Major Claims.

(a) Unless the parents otherwise agree, a Major Claim asserted on or after the Closing Date and prior to the fourth anniversary thereof, arising out of or relating to the Covered Agreements shall be subject to compulsory non-binding mediation, with the Wise Counselor as mediator in which both of the (i) finance director or chief financial officer of the parents, and (ii) the general counsel of AT&T and, for BT, the company secretary or comparable officer will be required to participate. The mediation shall be conducted in accordance with rules and procedures determined by the Wise Counselor, which shall be designated to facilitate resolution of the Major Claim by a consensus of the parents. The period of mediation shall not exceed 90 days. If the parents cannot settle the matter through the mediation process within such 90-day period, either parent may submit such Major Claim to the exclusive jurisdiction of the Selected Courts, which shall adjudicate the Major Claim on a *de novo* basis.

(b) If there is a dispute, the Wise Counselor shall have the authority to determine whether or not a Claim is a Major Claim.

13.3 Preliminary Injunctive Relief. A parent seeking injunctive relief shall have the right, prior to or during any mediation, arbitration or litigation process, to apply to the Selected Courts (in the case of a Major Claim or, on and after the fourth anniversary of the Closing Date, any Claim) or, prior to the fourth anniversary of the Closing Date, the Wise Counselor (in the case of Claims other than Major Claims) for preliminary injunctive relief pending the completion of the mediation, arbitration or litigation.

13.4 Appointment of Wise Counselor. Each parent acknowledges that the current term of the Wise Counselor and the two members of the College of Wise Counselors will expire on January 5, 2002. For the purposes of this Agreement, each parent shall take all such actions as may be reasonably necessary (i) at least 30 days prior to January 5, 2002, to extend the term of the Wise Counselor and the members of the College of Wise Counselors for an additional period ending December 31, 2002, and (ii) if any Claim has been submitted to the Wise Counselor on or before such date that is not likely to be finally adjudicated by the Wise Counselor on or before such date, to extend the term of the Wise Counselor for such period as may be necessary to enable the Wise Counselor to make its final determination of the Claim; provided, that if the Closing shall occur, after such date Sections 24.1(b) and (c) of the Framework Agreement shall apply with respect to the appointment of the Wise Counselor.

13.5 Judicial Determinations.

(a) With respect to any Claims that may be submitted to the Selected Courts in accordance with this Article XIII, each party agrees not to assert, by way of motion, as a defense or otherwise, in any such Claim, that it is not subject

personally to the jurisdiction of the Selected Courts, that the Claim is brought in an inconvenient forum or that the venue of the Claim is improper. Each party irrevocably submits to the jurisdiction of the Selected Courts in any such Claim.

(b) Any and all service of process and any other notice in any such Claim shall be effective against any party if given personally or by registered or certified mail, return receipt requested, or by any other means of mail that requires a signed receipt, postage prepaid, mailed to such party as herein provided. Nothing herein contained or contained in any Covered Agreement shall be deemed to affect the right of any party to serve process in any manner permitted by law.

(c) **EACH OF THE PARENTS HEREBY AGREES, AND AGREES TO CAUSE ITS AFFILIATES, TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM ARISING OUT OF OR RELATING TO ANY COVERED AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE TRANSACTIONS CONTEMPLATED THEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY OTHER COVERED AGREEMENT, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS.**

ARTICLE XIV

MISCELLANEOUS

14.1 **Notices.** Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission (with confirmation of receipt) or sent by internationally recognized courier service, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if sent by facsimile, at the time of receipt of a legible copy thereof or, if sent by internationally recognized courier service, three days after the date of deposit with the courier service, postage prepaid, and shall be sent as follows:

(i) if to the AT&T Parties, to:

AT&T Corp.
295 North Maple Avenue
Basking Ridge, New Jersey 07920-1002
United States of America
Attention: Daniel Stark, Esq.
Facsimile No.: (908) 221-8287

with a copy to:

Wachtell, Lipton, Rosen & Katz
55 West 52nd Street
New York, New York 10019
United States of America
Attention: Stephanie J. Seligman, Esq
Facsimile No.: (212) 403-2000

(ii) if to the BT Parties, to:

British Telecommunications plc
81 Newgate Street
London EC1A 7AJ
England
Attention: Group General Counsel
Facsimile No.: 011-44-207-356-6151
and
Attention: Assistant Company Secretary
Facsimile No.: 011-44-207-356-6391

and

BT (Netherlands) Holdings B.V.
Overschiestraat 65
1062 XD Amsterdam
The Netherlands
Attention: Company Secretary
Facsimile No.: 011-31-20-669-2429

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
United States of America
Attention: Yvonne Y.F. Chan, Esq. and
Toby S. Myerson, Esq.
Facsimile No.: (212) 757-3990

(iii) if to Concert BV, to:

Concert B.V.
Overschiestraat 65
1062 XD Amsterdam
The Netherlands
Attention: Company Secretary
Facsimile No.: 011-31-20-669-2429

and prior to the Closing Date only, with a copy to

c/o 1200 Peachtree Street, N.E., Room 6110
Atlanta, Georgia 30309
United States of America
Attention: Walter DeSocio, Esq.
Facsimile No.: (404) 810-5650

and:

British Telecommunications plc
81 Newgate Street
London EC1A 7AJ
England
Attention: Group General Counsel
Facsimile No.: 011-44-207-356-6151

and

Attention: Assistant Company Secretary
Facsimile No.: 011-44-207-356-6151

and:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
United States of America
Attention: Yvonne Y.F. Chan, Esq. and
Toby S. Myerson, Esq.
Facsimile No.: (212) 757-3990

and:

AT&T Corp.
295 North Maple Avenue
Basking Ridge, New Jersey 07920-1002
United States of America
Attention: Daniel Stark, Esq.
Facsimile No.: (908) 221-8287

and:

Wachtell, Lipton, Rosen & Katz
55 West 52nd Street
New York, New York 10019
United States of America
Attention: Stephanie J. Seligman, Esq.
Facsimile No.: (212) 403-2000

Any party may by notice given in accordance with this Section 14.1 to the other parties designate another address, facsimile number or Person for receipt of notices hereunder.

14.2 Entire Agreement. This Agreement (including the Schedules hereto), together with the other Unwind Agreements, and the other agreements contemplated hereby and thereby, contain the entire agreement among the parties with respect to the transactions contemplated hereby and supersede all prior term sheets, discussions, negotiations and agreements, written or oral, with respect thereto.

14.3 Waivers and Amendments, Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by AT&T and BT or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

14.4 Severability. In case any provision of this Agreement shall be held invalid, illegal or unenforceable in a jurisdiction, such provision shall be modified or deleted, as to the jurisdiction involved, only to the extent necessary to render the same valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby nor shall the validity, legality or enforceability of such provision be affected thereby in any other jurisdiction.

14.5 Assignment. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and any assigns agreed to in writing by the parties hereto. In addition, the parties acknowledge that each parent is contemplating certain additional restructuring activities. In connection therewith, the AT&T Parties and the BT Parties may assign this Agreement, the other Unwind Agreements, the Transaction Agreements and the AGNS Agreement and their rights and obligations hereunder and thereunder to any Person or Persons, by spin-off or otherwise, if the capabilities to perform all obligations and provide all goods and services required of the AT&T Parties or the BT Parties, as the case may be, under the Framework Agreement, the other Transaction Agreements, this Agreement, the other Unwind Agreements, the AGNS Agreement and the other agreements entered into in connection therewith are not impaired in any material respect as a result of such transaction, and

upon such assignment the other AT&T Parties and any Affiliates thereof or the other BT Parties and any Affiliates thereof, as the case may be, shall be released from all obligations hereunder and thereunder. Any such permitted assignee shall be deemed a successor to AT&T or BT, as the case may be, for all purposes hereof and thereof.

14.6 No Third Party Beneficiaries. Except for the AT&T Indemnified Parties and the BT Indemnified Parties pursuant to Article XI, this Agreement is not intended to be for the benefit of and shall not be enforceable by any Person that is not a party hereto.

14.7 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

14.8 Payments. All payments to be made hereunder shall be made free and clear of, and without reduction for or on account of, any charges, fees, taxes, levies, deductions or withholding of any nature or kind, subject to the Tax Matters Agreement in the case of taxes and the withholding of taxes.

14.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Signatures delivered by telecopy shall have the same effect as the manual original signatures.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties set forth below as of the date first written above.

AT&T CORP.

By: _____
Name:
Title:

AT&T COMMUNICATIONS SERVICES
OF JAMAICA L.L.C.

By: _____
Name:
Title:

BRITISH TELECOMMUNICATIONS PLC

By: _____
Name:
Title:

BT (NETHERLANDS) HOLDINGS B.V.

By: _____
Name:
Title:

CONCERT B.V.

By: _____
Name: Gary Weis
Title: Chief Executive Officer

By: _____
Name: Tim Smart
Title: Chief Operating Officer

[Termination Agreement]